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the existence of our government itself, and to endanger by internal strifes, geographical divisions, and heated contests for political powers or for any other cause, the harmony of the glorious Union of our confederated States; that Union which binds us together as one people, and which for sixty years has been our shield and protection against every danger. In the eyes of the world and of posterity, how trivial and insignificant will be all our internal divisions and struggles compared with the preservation of this Union of the States in all its vigor and with all its countless blessings! No patriot would foment and excite geographical and sectional divisions. No lover of his country would deliberately calculate the value of the Union. Future generations would look in amazement upon the folly of such a course. Other nations at the present day would look upon it with astonishment; and such of them as desire to maintain and to perpetuate thrones and monarchical or aristocratic principles, will view it with exultation and delight, because in it they will see the elements of faction, which they hope must ultimately overturn our system. Ours is the great example of a prosperous and free self-governed republic, commanding the admiration of all the lovers of freedom throughout the world. How solemn, therefore, is the duty, how impressive the call upon us and upon all parts of our country, to cultivate a patriotic spirit of harmony, of good fellowship, of compromise and mutual concession, in the administration of the incomparable system of government formed by our fathers in the midst of almost insuperable difficulties, and transmitted to us, with the injunction that we should enjoy its blessings and hand it down unimpaired to those who may come after us!

In view of the high and responsible duties which we owe to ourselves and to mankind, I trust you may be able, at your present session, to approach the adjustment of the only domestic question which seriously threatens, or probably ever can threaten, to disturb the harmony and successful operation of our system.

The immensely valuable possessions of New Mexico and California already inhabited by a considerable population. Attracted by their great fertility, their mineral wealth, their commercial advantages and the salubrity of the climate, emigrants from the older States, in great numbers, are already preparing to seek new homes in these inviting regions.

Shall the dissimilarity of the domestic institutions in the different States prevent us from providing for them suitable governments? These institutions existed at the adoption of the constitution, but the obstacles which they interposed were overcome by that spirit of compromise which is now invoked. In a conflict of opinions or of interests, real or imaginary, between different sections of our country, neither can justly demand all which it might desire to obtain. Each, in the true spirit of our institutions, should concede something to the other.

Our gallant forces in the Mexican war, by whose patriotism and unparalleled deeds of arms we obtained these possessions as an indemnity for our demands against Mexico, were composed of citizens who belonged to no one State or section of our Union. They were men from slaveholding States, from the North and the South, from the East and the West. They were all companions-in-arms and fellow-citizens of the same common country, engaged in the same common cause.

When prosecuting that war, they brethren and friends, and shared alike with each other common toils, dangers, and sufferings. Now, when their work is ended, when peace is restored, and they return again to their homes, put off the habiliments of war, take their places in society, and resume their pursuits in civil life, surely a spirit of harmony and concession, and of equal regard for the rights of all sections of the Union ought to prevail in providing governments for the acquired territories—the fruits of their common service. The whole people of the United States and of every State contributed to defray the expenses of that war; and it would not be just for any one section to exclude any other from all participation in the acquired territory. This would not be in consonance with the just system of government which the framers of the constitution adopted.

The question is believed to be rather abstract than practical, whether slavery ever can or would exist in any portion of the acquired territory, even if it were left to the option of the slaveholding States themselves. From the nature of the climate and productions, in much the larger portion of it, it is certain it could never exist; and in the remainder, the probabilities are it would not. But however this may be, the question, involving, as it does, a principle of equality of rights of the separate and several States, as equal co-partners in the confederacy, should not be disregarded.

In organizing governments over these territories, no duty imposed on Congress by the constitution requires that they should legislate on the subject of slavery, while their power to do so is not only seriously questioned, but denied by many of the soundest expounders of that instrument. Whether Congress shall legislate or not, the people of the acquired Territories, when assembled in convention to form State constitutions, will possess the sole and exclusive power to determine for themselves whether slavery shall or shall not exist within their limits. If Congress shall abstain from interfering with the question, the people of these Territories will be left free to do just as they may think proper when they apply for admission as States into the Union. No enactment of Congress could restrain the people of any of the sovereign States of the Union, old or slaveholding, from determining the character of their own domestic institutions as all the States possess this right, and Congress cannot deprive them of it. The people of Georgia might, if they

chose, so alter their constitution as to abolish slavery within its limits; and the people of Vermont might so alter their constitution as to admit slavery within its limits. Both States would possess the right; though, as all know, it is not probable that either would exert it.

It is fortunate for the peace and harmony of the Union that this question is in its nature temporary, and can only continue for the brief period which will intervene before California and New Mexico may be admitted as States into the Union. From the tide of population now flowing into them, it is highly probable that this will soon occur.

Considering the several States and the citizens of the several States as equals, and entitled to equal rights under the constitution, it was an original question, it might well be insisted on that the principle of non-interference is the true doctrine, and that Congress could not, in the absence of any express grant of power, interfere with their relative rights. Upon a great emergency, however, and under menacing dangers to the Union, the Missouri compromise line in respect to slavery was adopted. The same line was extended further west in the acquisition of Texas. After an acquiescence of nearly thirty years in the principle of compromise recognized and established by these acts, and to avoid the danger to the Union which might follow if it were now disregarded, I have heretofore expressed the opinion that that line of compromise should be extended on the parallel of thirty-six degrees thirty minutes from the western boundary of Texas, where it now terminates, to the Pacific ocean. This is the middle ground of compromise, upon which the different sections of the Union may meet, as they have heretofore met. If this be done, it is confidently believed a large majority of the people of every section of the country, however widely their abstract opinions on the subject of slavery may differ, would cheerfully and patriotically acquiesce in it, and peace and harmony would again fill our borders.

The restriction north of the line was only yielded to in the case of Missouri and Texas upon a principle of compromise, made necessary for the sake of preserving the harmony, and possibly the existence of the Union.

It was upon these considerations that at the close of your last session, I gave my sanction to the principle of the Missouri compromise line, by approving and signing the bill to establish "the Territorial government of Oregon." From a sincere desire to preserve the harmony of the Union, and in deference for the acts of my predecessors, I felt constrained to yield my acquiescence to the extent to which they had gone in compromising this delicate and dangerous question. But if Congress shall now reverse the decision by which the Missouri compromise was effected, and shall propose to extend the restriction over the whole territory, south as well as north of the parallel of thirty-six degrees thirty minutes, if will cease to be a compromise, and must be regarded as an original question.

If Congress, instead of observing the course of non-interference, leaving the adoption of their own domestic institutions to the people who may inhabit these Territories; or if, instead of extending the Missouri compromise line to the Pacific, shall prefer to submit the legal and constitutional questions which may arise to the decision of the judicial tribunals, as was proposed in a bill which passed the Senate at your last session, an adjustment may be effected in this mode. If the whole subject be referred to the Union should cheerfully acquiesce in the final decision of the tribunal created by the constitution for the settlement of all questions which may arise under the constitution, treaties, and laws of the United States.

Congress is earnestly invoked, for the sake of the Union, its harmony, and our continued prosperity as a nation, to adjust at its present session this, the only dangerous question which lies in our path—if not in some one of the modes suggested, in some other which may be satisfactory.

In anticipation of the establishment of regular governments over the acquired territories, a joint commission of officers of the army and navy has been ordered to proceed to the coast of California and Oregon, for the purpose of making reconnoissances and a report as to the proper sites for the erection of fortifications or other defensive works on land, and of suitable situations for naval stations. The information which may be expected from a scientific and skillful examination of the whole face of the coast will be eminently useful to Congress, when they come to consider the propriety of making appropriations for these great national objects. Proper defences on land will be necessary for the security and protection of our possessions; and the establishment of navy-yards, and a dock for the repair and construction of vessels, will be important alike to our navy and commercial marine. Without such establishments, every vessel, whether of the navy or of the merchant service, requiring repair, must, at great expense, come round Cape Horn to one of our Atlantic yards for that purpose. With such establishments, vessels, it is believed, may be built or repaired as cheaply in California as upon the Atlantic coast. They would give employment to many of our enterprising ship-builders and mechanics, and greatly facilitate and enlarge our commerce in the Pacific.

As it is ascertained that mines of gold, silver, copper, and quicksilver exist in New Mexico and California, and that nearly all the lands where they are found belong to the United States, it is deemed important to the public interests that provision be made for a geological and mineralogical examination of these regions. Measures should be adopted to preserve the mineral lands, especially such as contain the precious metals, for the use of the United States; or if brought into market, to separate them from the farming lands, and dispose of them in such manner as to secure a

large return of money to the treasury, and at the same time lead to the development of their wealth by individual proprietors and purchasers. To do this, it will be necessary to provide for an immediate survey and location of the lots. If Congress should deem it proper to dispose of the mineral lands, they should be sold in small quantities, and at a fixed minimum price.

I recommend that surveyor generals' offices be authorized to be established in New Mexico and California, and provision made for surveying and bringing the public lands into market at the earliest practicable period. In disposing of these lands, I recommend that the right of pre-emption be secured, and liberal grants made to the early emigrants who have settled or may settle upon them.

It will be important to extend our revenue laws over these Territories, and especially over California, at an early period. There is already a considerable commerce with California; and until ports of entry shall be established and collectors appointed no revenue can be received.

If these and other necessary and proper measures be adopted for the development of the wealth and resources of New Mexico and California, and regular Territorial governments be established over them, such will probably be the rapid enlargement of our commerce and navigation, and such the addition to the national wealth, that the present generation may live to witness the controlling commercial and monetary power of the world transferred from London and other European emporiums to the city of New York.

The apprehensions which were entertained by some of our statesmen, in the earlier periods of the government, that our system was incapable of operating with sufficient energy and success over largely extended territorial limits, and that if this were attempted, it would fall to pieces by its own weakness, have been dissipated by our experience. By the division of power between the States and federal government, the latter is found to operate with as much energy in the extremes as in the centre. It is as efficient in the remotest of the thirty States which now compose the Union, as it was in the thirteen States which formed our constitution. Indeed, it may well be doubted, whether, if our present population had been confined within the limits of the original thirteen States, the tendencies to centralization and consolidation would not have been such as to have encroached upon the essential reserved rights of the States, and thus to have made the federal government a widely different one, practically, from what it is in theory, and was intended to be by its framers. So far from entertaining apprehensions of the safety of our system by the extension of our territory, the belief is confidently entertained that each new State gives strength and an additional guaranty for the preservation of the Union itself.

In pursuance of the provisions of the thirteenth article of the treaty of peace, friendship, limits and settlement, with the republic of Mexico, and of the act of July the 29th, 1848, claims of our citizens which had been "already liquidated and decided against the Mexican republic," amounting with the interest thereon, to two million twenty-three thousand eight hundred and thirty-two dollars and fifty-one cents, have been liquidated and paid. There remain to be paid of these claims, seventy-four thousand one hundred and ninety-two dollars and twenty-six cents.

Congress at its last session having made no provision for executing the fifteenth article of the treaty, by which the United States assume to make satisfaction for the "unliquidated claims" of our citizens against Mexico, to "an amount not exceeding three and a quarter millions of dollars," the subject is again recommended to your favorable consideration.

The exchange of ratifications of the treaty with Mexico took place on the 30th, of May, 1848. Within one year after that time, the commissioner and surveyor which each government stipulates to appoint, are required to meet "at the port of San Diego, and proceed to run and mark the said boundary in its whole course to the mouth of the Rio Bravo del Norte." It will be seen from this provision, that the period within which a commissioner and surveyor of the respective governments are to meet at San Diego, will expire on the 30th of May, 1849. Congress, at the close of its last session, made an appropriation for "the expenses of running and marking the boundary line" between the two countries, but did not fix the amount of salary which should be paid to the commissioner and surveyor to be appointed on the part of the United States. It is desirable that the amount of compensation which they shall receive should be prescribed by law, and not left, as at present, to Executive discretion.

Measures were adopted at the earliest practicable period to organize the "Territorial government of Oregon," as authorized by the act of the fourteenth of August last. The governor and marshal of the Territory, accompanied by a small military escort, left the frontier of Missouri in September last, and took the southern route, by the way of Santa Fe and the river Gila, to California, with the intention of proceeding thence in one of our vessels of war to their destination. The governor was fully advised of the great importance of his early arrival in the country, and it is confidently believed he may reach Oregon in the latter part of the present month, or early in the next. The other officers for the Territory have proceeded by sea.

In the month of May last, I communicated information to Congress that an Indian war had broken out in Oregon, and recommended that authority be given to raise an adequate number of volunteers to proceed without delay to the assistance of our fellow-citizens in that Territory. The authority to raise such a force not having been granted by Congress as soon as their services could be dispensed with in Mexico, orders were issued to the regiment of mounted riflemen to proceed to Jefferson Barracks, in Missouri,

and to prepare to march to Oregon as soon as the necessary provision could be made. Shortly before it was ready to march, it was arrested by the provision of the act passed by Congress on the last day of the last session, which directed that all the non-commissioned officers, musicians, and privates of that regiment, who had been in service in Mexico, should, upon their application, be entitled to be discharged. The effect of this provision was to disband the rank and file of the regiment: and before their places could be filled by recruits the season had so far advanced that it was impracticable for it to proceed until the opening of the next spring.

In the month of October last, the accompanying communication was received from the governor of the temporary government of Oregon, giving information of the continuance of the Indian disturbances, and of the destitution and defenceless condition of the inhabitants. Orders were immediately transmitted to the commander of our squadron in the Pacific, to despatch to their assistance a part of the naval forces on that station, to furnish them with arms and ammunition, and to continue to give them such aid and protection as the navy could afford, until the army could reach the country.

It is the policy of humanity, and one which has always been pursued by the United States, to cultivate the good will of the aboriginal tribes of this continent, and to restrain them from making war, and indulging in excesses, by mild means, rather than by force. That this could have been done with the tribes in Oregon, had that Territory been brought under the government of our laws at an earlier period, and had suitable measures been adopted by Congress, such as now exist in our intercourse with the other Indian tribes within our limits, cannot be doubted. Indeed, the immediate and only cause of the existing hostility of Indians of Oregon is represented to have been, the long delay of the United States in making to them some trifling compensation, in such articles as they wanted, for the country now occupied by our emigrants, which the Indians claimed, and over which they formerly roamed. This compensation had been promised to them by the temporary government established in Oregon, but its fulfillment had been postponed from time to time, for nearly two years, whilst those who made it had been anxiously waiting for Congress to establish a territorial government over the country. The Indians became at length distrustful of their good faith, and sought redress by plunder and massacre, which finally led to the present difficulties. A few thousand dollars in suitable presents, as a compensation for the country which had been taken possession of by our citizens, would have satisfied the Indians, and have prevented the war. A small amount properly distributed, it is confidently believed, would soon restore quiet. In this Indian war our fellow-citizens of Oregon have been compelled to take the field in their own defence, have performed valuable military services, and been subjected to expenses which have fallen heavily upon them. Justice demands that provision should be made by Congress to compensate them for their services, and to refund to them the necessary expenses which they have incurred.

I repeat the recommendation heretofore made to Congress, that provision be made for the appointment of a suitable number of Indian Agents to reside among the tribes of Oregon, and that a small sum be appropriated to enable these agents to cultivate friendly relations with them. If this be done, the presence of a small military force will be necessary to keep them in check, and preserve peace.

I recommend that similar provision be made as regards the tribes inhabiting northern Texas, New Mexico, California, and the extensive region lying between our settlements in Missouri and these possessions, as the most effective means of preserving peace upon our borders, and within our recently acquired territories.

The Secretary of the Treasury will present in his annual report, a highly satisfactory statement of the condition of the finances. The imports for the fiscal year, ending on the 30th June last, were of the value of \$154,977,576, of which the amount imported was \$21,128,010—leaving \$133,849,566 worth in the country for domestic use.

The value of the exports for the same period was \$154,032,131, consisting of domestic productions amounting to \$132,904,121, and foreign articles amounting to \$21,128,010. The receipts into the Treasury for the same period of time, exclusive of loans, amounted to \$35,436,750 50; of which there was derived from customs \$31,757,070 96; and from sales of public lands \$3,679,679 54; and from miscellaneous and incidental sources \$331,037 07.

It will be perceived that the revenue from customs for the last fiscal year, exceeded by \$757,070 96, the estimate of the Secretary of the Treasury in his last annual report; and that the aggregate receipts during the same period from customs, lands, and miscellaneous sources, also exceeded the estimate by the sum of \$536,750 50, indicating, however, a very near approach in the estimate to the actual result.

The expenditures during the fiscal year ending on the 30th June last, including those for the war, and exclusive of payments of principal and interest for the public debt, were \$12,511,070 03. It is estimated that the receipts into the Treasury for the fiscal year ending on the 30th June, 1849, including the balance in the Treasury on the 1st of July last, will amount to the sum of \$57,045,950 90; of which \$32,000,000 it is estimated, will be derived from customs; \$5,000,000 from the sales of the public lands; and \$1,200,000 from miscellaneous and incidental sources, including the premium upon the loan, and the amount paid, and to be paid into the Treasury, on account of military contributions in Mexico, and the sales of arms and vessels, and other public property, rendered unnecessary for the use of the Government by the termination of the war; and also \$20,695,439 30 from loans already negotiated, including treasury notes funded, which, together with the balance in the Treasury on the 1st of July last, make the sum estimated.

The expenditures for the same period, including the payment on account of the public debt, principal and interest, and the principal and interest of the first instalment due to Mexico, on the 30th of May next, and other expenditures growing out of the war, to be paid during the present year, will amount, including the reimbursement of Treasury notes, to the sum of \$12,511,070 03; leaving an estimated balance in the Treasury on the 1st July, 1849, of \$25,533,694 54.

The Secretary of the Treasury will present, as required by law, the estimate of the receipts and expenditures for the next fiscal year, as estimated for the year, are—\$24,193,275 73, including \$3,799,102 18 for interest on the public debt, \$3,549,000 for the principal and interest due to Mexico on the 30th of May, 1850; leaving the sum of \$25,574,050 35 which is believed will be ample for the ordinary peace expenditures.

The operations of the tariff act of 1846 have been such during the past year as fully to meet the public expectations, and to confirm the opinion heretofore expressed, of the wisdom of the change in our revenue system which was effected by it. The receipts under it into the Treasury for the first fiscal year after its enactment exceeded by the sum of \$5,044,403 90 the amount collected during the last fiscal year under the tariff act of 1842, ending the 30th of June, 1846. The total revenue realized from the commercial operations of the year, on the 1st of December, 1846, was \$1,000,000,000, and on the 30th September last, being 22 months, \$56,654,563 79—being a much larger sum than was ever before received from duties during any equal period, under the tariff acts of 1824-28-32-36-40-42. Whilst by the repeal of high protective duties, the people have been benefited and increased, the tax on the people have been diminished. They have been relieved from the heavy amounts with which they were burdened under former laws in the form of increased prices or bounties paid to favored classes and pursuits.

The predictions that were made, that the tariff act of 1846, would reduce the amount of revenue below that collected under the act of 1842, and would prostrate the business and destroy the prosperity of the country, have not been verified. With an increased and increasing revenue, the finances are in a highly flourishing condition. Agriculture, commerce and navigation are prosperous; the prices of manufactured fabrics, and of other products, are much less injuriously affected than was to have been anticipated, from the unprecedented revisions, which, during the last and the present year, have overwhelmed the industry and paralyzed the credit and commerce of many great and enlightened nations of Europe.

Severe commercial revolutions abroad have always heretofore operated to depress, and often to affect disastrously, almost every branch of American industry. The temporary depression of a portion of our manufacturing industry, and of our commerce, and is far less severe than has prevailed on all former similar occasions. It is believed that, looking to the great aggregate of all our interests, the whole country was never more prosperous than at the present period, and never more rapidly advancing in wealth and population. Neither the foreign trade, which we have been involved, nor the loans which have absorbed so large a portion of our capital, nor the commercial revolution in Great Britain in 1847, nor the paralysis of credit and commerce throughout Europe in 1848, have affected injuriously to any considerable extent any of the great interests of the country, or retarded our onward march to greatness, wealth, and power.

Had the disturbances in Europe not occurred, our commerce would undoubtedly have been still more extended, and would have added still more to the national wealth and public prosperity. But notwithstanding these disturbances, the operations of the revenue system established by the tariff act of 1846 have been so generally beneficial to the government and the business of the country, that no change in its provisions is demanded by a wise public policy, and none is recommended.

The operations of the constitutional treasury, established by the act of the 6th of August, 1846, in the receipt, custody, and disbursement of the public money, have continued to be successful. Under this system the public finances have been carried through a foreign war, involving the necessity of loans and extraordinary expenditures, and requiring distant transfers of money, without embarrassment, and no loss has occurred of any of the public money deposited under its provisions. Whilst it has proved to be safe and useful to the government, its effects have been most beneficial upon the business of the country. It has enabled powerfully to secure an exemption from the inflation and fluctuation of the paper currency, so injurious to domestic industry, and rendering so uncertain the rewards of labor; and it is believed has largely contributed to preserve the whole country from a serious commercial revolution, such as often occurred under the operation of the former system. In the year 1847 there was a revolution in the business of Great Britain of great extent and intensity, which was followed by failures in that kingdom unprecedented in number and amount of losses. This is believed to be the first instance when such disastrous bankruptcies, occurring in a country with which we have such extensive commerce, produced little or no injurious effect upon the trade or currency. We remained but little affected in the money market, and our business and industry were both prosperous and progressive.

During the present year, nearly the whole continent of Europe has been convulsed by civil war, and revolution, and attended by numerous bankruptcies, by an unprecedented fall in their public securities, and an almost universal paralysis of commerce and industry; and yet, although our trade and the prices of our products must have been somewhat unfavorably affected by these causes, we have escaped a revolution in the money market is comparatively easy, and public and private credit have advanced and improved.

It is confidently believed that we have been saved from their effect by the salutary operation of the constitutional treasury. It is certain that if the 21 millions of specie imported into the country during the fiscal year ending on the 30th of June, 1847, had gone into the banks, as to a great extent it must have done, it would, in the absence of this system, have been made the basis of augmented bank paper issues, probably to an amount not less than sixty or seventy millions of dollars, producing, as an inevitable consequence of an inflated currency, extravagant prices for time, and wild speculations, which must have been followed, on the reflux to Europe, the succeeding year, of so much of that specie, by the prostration of the business of the country, the suspension of the banks, and most extensive bankruptcies. Our country would have been engaged in a foreign war; when considerable loans of specie were required for distant disbursements, and when the banks, the fiscal agents of the government, and the depositories of its money, were suspended, the public credit must have sunk, and many millions of dollars, as was the case during the war of 1812, must have been sacrificed in discounts upon loans and upon the depreciated paper currency which the government would have been compelled to use.

Under the operations of the constitutional treasury, not a dollar has been lost by the depreciation of the currency. The loans required to prosecute the war with Mexico were authorized by the Secretary of the Treasury above par, realizing a large premium to the government. The restraining effect of the system upon the tendencies to excessive paper issues by banks has saved the government from heavy losses, and thousands of our business men from bankruptcy and ruin. The wisdom of the system has been tested, by the experience of the last two years; and it is the dictate of sound policy that it should remain undisturbed. The modifications in some of the details of this measure, involving none of its essential principles, are recommended, are again presented for your favorable consideration.

In my message, of the 6th of July last, transmitting to Congress the ratified treaty of peace with Mexico, I recommended the adoption of measures for the speedy payment of the public debt, and the reduction of the interest on the loans contracted during the war. I recommended that authorized to be negotiated, including existing laws, and including Treasury notes, amounting at that time to \$65,775,450 41. Funded stock of the U. States, amounting to about half a million of dollars has been purchased, as authorized by law, since that period, and the public debt has thus been reduced: the details of which will be presented in the annual report of the Secretary of the Treasury.

The estimates of expenditures for the next fiscal year, submitted by the Secretary of the Treasury, it is believed will be ample for the necessary purposes of the government, and necessary by Congress shall not exceed the amount estimated, the means in the treasury will be sufficient to defray all the expenses of the government; to pay off the next instalment of the \$30,000,000 Mexico, which will fall due on the 30th of May next;

and still a considerable surplus will remain, which should be applied to the further purchase of the public stock and reduction of the debt. Should enlarged appropriations be made, the necessary consequence will be to postpone the payment of the debt. Though our debt, as compared with that of most other nations, is small, it is our true policy, and in harmony with the genius of our institutions, that we should present to the world the rare spectacle of a great republic, possessing vast resources and wealth, wholly exempt from public indebtedness. This would add still more to our strength, and give to us a still more commanding position among the nations of the earth.

The public expenditures should be economical, and be confined to such necessary objects as are clearly within the powers of Congress. All such, as are not absolutely demanded should be postponed, and the payment of the public debt at the earliest practicable period should be a cardinal principle of our public policy.

For treatment of the recommendation that a branch of the mint of the United States be established at the city of New York. The importance of this measure is greatly increased by the acquisition of the rich mines of the precious metals in New Mexico and California, and especially in the latter.

I repeat the recommendation, heretofore made, in favor of the graduation and reduction of the price of such of the public lands as have been long offered in the market, and have remained unsold, and in favor of extending the rights of pre-emption to actual settlers on the unsurveyed as well as surveyed lands.

The condition and operations of the army, and the state of other branches of the public service under the supervision of the War Department, are satisfactorily presented in the accompanying report of the Secretary of War.

On the return of peace, our forces were withdrawn from Mexico, and the regular army engaged in the war were disbanded. Orders have been issued, stationing the forces of our permanent establishment at various positions in our extended country, where troops may be required. Owing to the remoteness of some of these positions, the detachments have not yet received their destination. Notwithstanding the extension of the limits of our country and the forces required in its various territories, it is confidently believed that our present military establishment is sufficient for all exigencies, so long as our peaceful relations remain undisturbed.

Of the amount of our contributions collected in Mexico, the sum of seven hundred and sixty-nine thousand six hundred and fifty dollars was applied towards the payment on the first instalment due under the treaty with Mexico. The further sum of three hundred and forty-six thousand three hundred and sixty-nine dollars and thirty cents has been paid into the treasury, and the unpaid balance still remains in the hands of disbursing officers and those who were engaged in the collection of these moneys. After the proclamation of peace, no further disbursements were made of any unexpended moneys arising from this source. The balances on hand were directed to be paid into the treasury, and the individual claims of the army were adjusted until Congress shall authorize their settlement and payment. These claims are not considerable in number or amount.

I recommend to your favorable consideration the suggestions of the Secretary of War and the Secretary of the Navy in regard to legislation on this subject.

Our Indian relations are presented in a most favorable view in the report from the War Department. The wisdom of our policy in regard to the tribes within our limits, is clearly manifested by their improved and rapidly improving condition.

A most important treaty with the Menominee has been recently negotiated by the Commissioner of Indian Affairs in person, by which all their land in the State of Wisconsin—being about four million of acres—has been ceded to the United States. This treaty will be submitted to the Senate for ratification at an early period of your present session.

Within the last four years, eight important treaties have been negotiated with different Indian tribes, and at a cost of one million eight hundred and forty-two thousand dollars; Indian lands to the amount of more than eighteen million five hundred thousand acres, have been ceded to the United States, and the great question made for settling in the country west of the Mississippi the tribes which occupied this large extent of the public domain. The title to all the Indian lands within the several States of our Union, with the exception of a few small reservations, is now, except in one or two instances, opened for settlement and cultivation.

The accompanying report of the Secretary of the Navy gives a satisfactory exhibit of the operations and condition of that branch of the public service.

A number of small vessels suitable for entering the mouths of rivers were judiciously purchased during the war, and are now assigned to the squadron in the Gulf of Mexico. On the return of peace, when no longer valuable for naval purposes, and liable to constant deterioration, they were sold, and the money placed in the treasury.

The number of men in the naval service authorized by law during the war was increased by discharges below the maximum fixed by the peace establishment. Adequate squadrons are maintained in the several quarters of the globe where experience has shown their services may be most usefully employed; and the naval service was never in a condition of higher discipline or greater efficiency.

I invite attention to the recommendation of the Secretary of the Navy on the subject of the marine corps. The reduction of the corps at the end of the war required that four officers of each of the three lower grades should be dropped from the rolls. A board of officers made the selection; and those designated were discharged, and were dismissed, but without any alleged fault. I concur in opinion with the Secretary, that the service would be improved by reducing the number of landsmen, and increasing the marines. Such a measure would justify an increase of the number of officers to the extent of the reduction by dismissal, and the corps would have fewer officers than a corresponding number of men in the army.

The contracts for the transportation of the mail in steamships convertible into war-steamer, promise to realize all the benefits to our commerce and to the navy which were anticipated. The first steamer was ordered by the government was launched in January, 1847. There are now seven; and in another year there will, probably, be not less than seventeen afloat. While this great national advantage is secured, our sea and commercial intercourse is increased and promoted with Great Britain, and other parts of Europe, with all the countries on the West Coast of our continent, especially with Oregon and California, and between the northern and southern sections of the United States. Considerable reversions of land have been from postage; but the connected line from New York to Chicago, and thence across the isthmus to Oregon, cannot fail to exert a beneficial influence, not now to be estimated, on the interests of the manufactures, commerce, navigation, and currency of the United States. An important part of the system, I recommend to your favorable consideration the establishment of the proposed line of steamers between New Orleans and Vera Cruz. It promises the most happy results in cementing friendship between the two republics, and in extending reciprocal benefits to the trade and manufactures of both.

The report of the Postmaster General will, make known to you the operations of that department for the past year.

It is gratifying to find the revenues of the department, under the rates of postage now established by law, so rapidly increasing. The great amount of postage during the last fiscal year amounted to four million three hundred and seventy-one thousand and seventy-seven dollars, exceeding the annual average received for the nine years immediately preceding the passage of the act of the 3rd of March, 1845, by the sum

(See second page.)